

2003 Health Insurance Market Report

Utah Insurance Department

July 31, 2003

The *2003 Health Insurance Market Report* was prepared by Jeffrey E. Hawley, Ph.D. of the Health Insurance Division for the Utah Insurance Commissioner pursuant to Utah Code Annotated (U.C.A.) § 31A-2-201(7).

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Executive Summary

The purpose of this report is to provide an evaluation of Utah's health insurance market. It focuses primarily on the comprehensive health insurance portion of the commercial health insurance market.

There were 1,451 commercial insurance companies in Utah during 2002. Of these, 388 companies reported health insurance related business in Utah. The top three types of health insurance among commercial insurers are comprehensive health insurance (61 percent), the Federal Employee Health Benefit Plan (11 percent), and Medicaid (8 percent). The Utah Insurance Department received 174 complaints against 45 commercial health insurance companies during 2002. The average complaint ratio for the commercial health insurance market was .08.

Utah's comprehensive health insurance market serves approximately 35 percent of Utah residents. The typical Utah resident has an employee group policy with an HMO style plan administered by a domestic health insurer. The comprehensive health insurance market has experienced some significant changes since 1999.

First, the number of comprehensive insurers participating the comprehensive insurance market has declined by 28 percent. This trend appears to be due to a number of smaller insurers being unable to compete profitably while doing business in Utah.

Second, comprehensive health insurance premiums per member per month have increased by 31.7 percent, which is largely due to an increase in underlying health care costs. Comprehensive insurers have reported an increase in losses per member per month of 20.8 percent over this period. Utah's premium and health care cost trends are similar to the United States as a whole.

Third, the number of Utah residents covered by comprehensive health insurance declined by 6.63 percent. This decline may be due to a shift by large employers from commercial health insurance to employer sponsored self-funded health benefit plans.

Fourth, Utah's top managed care health insurers in the comprehensive health market reported a net income of 2.34 percent for 2002. However, the market appears to be under financial pressure, as over the last eight years, the top health insurers in the market have experienced an average loss of .08 percent of their annual net income.

Overall, the data suggests that the commercial health insurance market in Utah is under pressure and many insurance companies are struggling to compete in the current environment. For Utah residents, this means fewer companies to choose from and higher costs for their health insurance.

Introduction

For most people, health insurance is essential for managing the costs of personal health care. Health insurance protects against the risk of financial loss that can occur from unexpected accidents and illnesses. It also provides a way for chronic health problems to be treated and managed in ways that many people could not otherwise afford. Because health insurance is so important to the citizens of Utah, it is in the interest of the State to monitor and maintain a stable health insurance industry.

An important purpose of the Insurance Department is to ensure that Utah has an adequate and healthy insurance market. The purpose of this report is to provide an annual evaluation of Utah's health insurance market as required by Utah Code Annotated (U.C.A.) § 31A-2-201(7).

What is Health Insurance?

In general, health insurance transfers the risk of paying for personal health care from an individual to a larger entity. The individual shares in the management of his or her personal health care risk through the use of deductibles, coinsurance, and the health benefits provided by insurance. Individuals obtain their health benefits from one or more of three health insurance sources: government sponsored health benefit plans, employer sponsored self-funded health benefit plans, and commercial insurance health benefit plans. The health benefits provided by these plans will range from comprehensive major medical benefits to single disease or accident only benefits.

Government sponsored health benefit plans are government programs that provide health insurance benefits. These programs may be funded entirely by government funds or by a combination of government funds and premiums paid by the covered individuals enrolled in the program. The insurance risk is borne by the government. These programs may provide comprehensive major medical health insurance benefits (such as Medicaid and Medicare), limited primary health insurance benefits (such as county health clinics), or limited specialized health insurance benefits (such as Wee Care).

Employer sponsored self-funded health benefit plans are plans sponsored by an employer to provide health insurance benefits to the employer's employees. These plans may be funded entirely by the employer or by a combination of employer funds and amounts withheld from covered employees' wages. The insurance risk is borne by the employer. These plans usually provide comprehensive major medical health insurance benefits, and may provide benefits only to the employee or to the employee and the employee's dependents.

Commercial insurance health benefit plans are plans sponsored by an insurance company to provide health insurance benefits to insured persons. These plans are funded by the premiums collected from insured employers and individuals. The insurance risk is borne by the insurance company. Commercial insurance benefit plans can be issued as fee for service plans (such as Western Mutual Insurance Company), nonprofit health service plans (such as Regence Blue Cross Blue Shield of Utah), health maintenance organizations (such as IHC Health Plans), and limited health plans (such as Delta Dental Care of Utah). The health insurance benefits provided

will vary from comprehensive major medical health insurance to specified limited health insurance benefits such as dental, vision, or specified disease.

Each of these three sources of health insurance is regulated by a different set of laws and government agencies. Government sponsored health insurance is regulated by Federal regulatory agencies like Centers for Medicare and Medicaid Services (CMS). Employer sponsored self-funded health insurance is regulated for the most part under the Federal ERISA statute through the following regulatory agencies: Department of Labor (DOL), Centers for Medicare and Medicaid Services (CMS), and the Internal Revenue Service (IRS). Commercial health insurance is governed by state and federal law and is regulated by state insurance departments. This report will focus primarily on the commercial health insurance market regulated by the Utah Insurance Department.

Estimate of Health Insurance Coverage in Utah

As mentioned previously, health insurance comes from three sources: government, employers, and commercial insurers. The Utah Insurance Department has attempted to estimate how much of the state is insured by each source of health insurance. This estimate includes comprehensive major medical health insurance only. Caution should be used interpreting these results, however, as multiple data sources with differing methods were required to create this estimate. Given these limitations, the Utah Insurance Department estimates that 17 percent of Utah residents were covered by government plans, 39 percent were covered by employer sponsored self-funded plans, 35 percent were covered by commercial health insurance, and nine percent were uninsured (see Table 1).

Table 1. Estimate of Health Insurance Coverage for 2002

Coverage Type	Population Estimate	Percent of Population
Government Sponsored Plans (CMS Regulated)	400,590	17.13%
Medicaid	154,784	6.62%
Medicare	214,507	9.17%
Children's Health Insurance Program (CHIP)	24,505	1.05%
Utah Medical Assistance Program (UMAP)	4,447	.19%
Utah Comprehensive Health Insurance Pool (HIPUtah)	2,347	.10%
Employer Sponsored Self-Funded Plans (ERISA Regulated)*	922,006	39.42%
Plans Administered by Commercial Insurers	420,480	17.98%
Public Employee Health Program (PEHP)	142,972	6.11%
Federal Employee Health Benefit Plan (FEHBP)	68,373	2.92%
Other Known Self-Funded Plans	44,483	1.90%
Other Self-Funded Plans (Estimated)**	245,698	10.51%
Commercial Health Insurance Plans (State Regulated)	813,394	34.78%
Group	684,673	29.28%
Individual	128,721	5.50%
Uninsured	202,771	8.67%
Total	2,338,761	100.00%

Data Sources: Centers for Medicare & Medicaid Services, Deseret Mutual Benefit Administrators, Utah Comprehensive Health Insurance Pool, Public Employee Health Program, Utah Department of Health, Utah Insurance Department, and the Utah Population Estimates Committee.

* This estimate of the 2002 self-funded is based on limited data from commercial insurers and employers.

It is not a complete count of the self-funded membership in Utah and should be used with caution.

** The estimate assumes that the total employer based group coverage (commercial and self-funded) will be close to 71 percent, as estimated in the 2001 Utah Health Status Survey. May differ from actual numbers.

Utah's Commercial Health Insurance Market

Commercial insurance carriers are companies in the business of managing risk. They accept the risk of loss to individuals or organizations in exchange for a premium. In doing so, the risk of loss is shared (or pooled) so that any one individual does not bear all the risk of loss.

Insurance companies report financial data to the Insurance Department and the National Association of Insurance Commissioners on the health insurance business written in Utah. Health insurance premium data includes premiums from individual and group policyholders and from government sponsored programs such as Medicare and Medicaid. It does not include fees paid to insurers for administration of employer sponsored self-funded health benefit plans.

One measure of an insurer's financial health is the ratio of incurred losses to premiums earned. This ratio is called a loss ratio. A ratio of less than 100 indicates that an insurance company received more premium income than it paid out in claims. A ratio of more than 100 indicates that a company paid more in claims than it received in premium income. While the benchmarks vary depending on the type of insurance, health insurers generally try to maintain a loss ratio of less than 85 (85 cents of losses for every dollar of premium). If the loss ratio increases much beyond 85, an insurer may have more expenses than income and suffer a financial loss.

Commercial Health Insurance Market Overview

Among commercial insurers there is a broad universe of "health insurance" products. Commercial health insurance may include comprehensive health insurance, as well as insurance products that cover a specialized category such as long-term care, dental, vision, disability, accident, specified disease, or as a supplement to other kinds of health benefit plans.

There were 1,451 licensed insurers registered with the Insurance Department at the end of 2002. Of these, 388 insurers reported health insurance business in Utah on their 2002 Annual Financial Statements. These insurers represent all of the health insurance sold in Utah. Each insurer reported direct premium and losses in Utah, as well as total revenue and net income for their company.

Table 2 summarizes some of the characteristics of Utah's health insurance market that can be obtained from annual financial statements. Utah's health insurance market is highly concentrated among eight health insurers, who represent over 76 percent of the market. As a group, Utah's accident & health insurers had a loss ratio of 82 and net income of 2.15 percent (see Table 2). While looking at the loss ratio does give an accurate view of Utah's total market, net income (at this level) does not. In this case, net income is not a good measure of the financial health of Utah's market as less than one percent of total revenues reported were in Utah. A more accurate view is obtained by looking at domestic status.

Domestic status refers to where an insurer's home office is located. Domestic companies have a home office in Utah. Foreign insurers have a home office in another state. Nearly 80 percent of Utah's health insurance market is domestic. These 25 domestic insurers are much more representative of the Utah market as more than 70 percent of their total revenue comes from Utah business. Thus, their loss ratios and net income are a much more accurate measure of the Utah market. As a group, domestic insurers had a loss ratio of 85 and net income of 1.35 percent. Eight health insurers represent nearly 95 percent of Utah's domestic market. The remaining market share is divided among life, limited health plans, and property & casualty insurers.

There are 363 foreign insurers in the Utah market, most of which are life insurers. Only 20 percent of Utah's health insurance market is foreign. Foreign insurers had a loss ratio of 70 for Utah business. Net income was 2.15 percent, but a negligible amount of total revenue (less than .01 percent) was from Utah business and is, therefore, not representative of Utah (see Table 2). Overall, foreign insurers have a small presence in Utah's health insurance market.

Table 2. Total 2002 Commercial Health Insurance Market by Insurer Type

Insurer Type	Company Count	Utah Operations			National Operations	
		Direct Earned Premium	Market Share	Loss Ratio	Total Revenue	Net Income (% Rev)
Domestic Insurers						
Health	8	\$1,648,566,316	75.56%	85.35	\$1,664,921,829	2.25%
Life	10	\$86,512,583	3.97%	88.99	\$792,540,288	1.89%
Limited Health Plan	5	\$3,541,079	0.16%	73.42	\$3,554,848	4.06%
Property & Casualty	2	\$1,275,031	0.06%	-56.45	\$15,058,791	-127.22%
Total Domestic	25	\$1,739,895,009	79.75%	85.40	\$2,476,075,756	1.35%
Foreign Insurers						
Fraternal	10	\$540,914	0.02%	18.87	\$7,206,025,637	-4.91%
Life	302	\$331,850,759	15.21%	71.55	\$501,553,208,767	1.37%
Property & Casualty	51	\$109,457,254	5.02%	65.41	\$120,719,221,955	5.83%
Total Foreign	363	\$441,848,927	20.25%	69.96	\$629,478,456,359	2.15%
Utah Insurers						
Fraternal	10	\$540,914	0.02%	18.87	\$7,206,025,637	-4.91%
Health	8	\$1,648,566,316	75.56%	85.35	\$1,664,921,829	2.25%
Life	312	\$418,363,342	19.18%	75.16	\$502,345,749,055	1.37%
Limited Health Plan	5	\$3,541,079	0.16%	73.42	\$3,554,848	4.06%
Property & Casualty	53	\$110,732,285	5.08%	64.00	\$120,734,280,746	5.81%
Total Utah	388	\$2,181,743,936	100.00%	82.28	\$631,954,532,115	2.15%

Data Sources: NAIC Financial Database and Utah Accident & Health Survey

Commercial Health Insurance Market by Policy Type

Financial statement data is designed to measure the financial solvency of commercial insurers. As such, it not designed to provide detailed information on a particular type of insurance. To compensate for this, Utah's commercial health insurers are required to participate in the Utah Accident & Health Survey. This survey collects data in greater detail than the annual statement. Data was collected from 388 commercial health insurers who reported accident & health premium in 2002.

The top three policy types by market share were comprehensive health insurance (61 percent), the Federal Employee Health Benefit Plan (11 percent), and Medicaid (8 percent) (see Table 3). The results of the survey differ slightly from the total accident & health reported on the 2002 annual statement. However, the difference is small. The net difference in total reported direct earned premium is less than .01 percent.

Table 3. Total 2002 Commercial Health Insurance Market by Policy Type

Policy Type	Company Count	Member Count	Direct Earned Premium	Market Share	Loss Ratio
Comprehensive	89	813,394	\$1,328,706,448	60.90%	82.91
Medical Only	48	21,837	\$6,776,228	0.31%	57.25
Medicare Supplement	80	71,741	\$110,937,844	5.08%	71.93
Dental	65	315,917	\$89,089,127	4.08%	77.87
Vision	24	114,136	\$4,899,906	0.22%	82.82
FEHBP	5	68,373	\$239,278,343	10.97%	89.74
Medicare*	2	0	\$0	0.00%	-
Medicaid	4	42,469	\$168,491,401	7.72%	99.33
Stop Loss	53	153,263	\$69,468,941	3.18%	72.65
Disability Income	182	343,304	\$74,275,438	3.40%	84.27
Long Term Care	79	25,291	\$20,552,634	0.94%	42.95
Credit A&H	53	147,652	\$15,425,072	0.71%	36.06
Other	240	-	\$53,936,889	2.47%	48.09
Total	388	-	\$2,181,838,271	100.00%	82.24

Data Source: Utah Accident & Health Survey

* Two companies reported claim activity for Medicare. This is probably due to discontinued policies in runoff and does not represent any active Medicare business in the state.

Consumer Complaints Against Commercial Health Insurance Companies

The Utah Insurance Department, through the Office of Consumer Health Assistance (OCHA), is responsible for investigating and resolving consumer complaints against commercial health insurance companies in Utah. The Office of Consumer Health Assistance tracks all written complaints made against commercial health insurers. These complaints are classified into three types: justified, question of fact, and unjustified (see Table 4).

Justified complaints. Justified complaints are those where the Insurance Department rules in favor of the consumer making the complaint. The Insurance Department determines that the complaint is warranted under the law and resolves the complaint by requiring the commercial health insurer to act to correct the problem.

Question of fact complaints. Question of Fact complaints are those where the complaint appears to be legitimate, but the Insurance Department was unable to make a ruling, either because there are unresolved questions about the facts of the case or because the department does not have the legal authority to do so. These complaints usually must be resolved in a court of law.

Unjustified complaints. Unjustified complaints are those where the Insurance Department rules in favor of the commercial insurer as the insurer was judged to be acting within the bounds of the law. The department educates consumers as to their rights under the law and how health insurance contracts work.

As shown in Table 4, the number of justified and unjustified complaints has remained fairly constant since 1999; however, the number of question of fact complaints has gone down significantly. This trend is due to an active effort by the Office of Consumer Health Assistance staff to resolve these complaints before they rise to the level of a written consumer complaint.

Table 4. Complaints Filed with OCHA by Type from 1999 to 2002

Type	1999		2000		2001		2002	
	Count	Percent of Total	Count	Percent of Total	Count	Percent of Total	Count	Percent of Total
Justified	70	21.5%	70	28.7%	127	49.2%	73	42.0%
Question of Fact	179	54.9%	123	50.4%	36	14.0%	27	15.5%
Unjustified	77	23.6%	51	20.9%	95	36.8%	74	42.5%
Total	326	100.0%	244	100.0%	258	100.0%	174	100.0%

Data Source: Utah Insurance Department

In addition to tracking the number of written complaints and how they are resolved, the Utah Insurance Department also tracks the reason for the complaint. As shown in Table 5, approximately two-thirds of all consumer complaints are due to claim handling issues, while policyholder services and marketing & sales issues account for the remainder (see Table 5).

Table 5. Complaints Filed with OCHA by Reason from 1999 to 2002

Reason	1999		2000		2001		2002	
	Count	Percent of Total	Count	Percent of Total	Count	Percent of Total	Count	Percent of Total
Claim Handling	218	66.9%	163	66.8%	174	65.7%	125	71.4%
Policyholder Services	80	24.5%	31	12.7%	74	27.9%	44	25.1%
Marketing & Sales	28	8.6%	50	20.5%	17	6.4%	6	3.4%
Total*	326	100.0%	244	100.0%	265	100.0%	175	100.0%

Data Source: Utah Insurance Department

* A complaint may have more than one reason code, so totals may be slightly higher than the actual number of complaints.

Complaint ratios. Another measure of complaint activity is the complaint ratio. A complaint ratio is a measure of how many consumer complaints were received compared to the amount of business a commercial health insurer did in the state. Table 6 reports the average complaint ratios for the commercial health insurance market from 1999 to 2002 (see Table 6). Each complaint ratio reports the number of complaints per \$1,000,000 in total direct earned premium. For example, a ratio of 1 means the insurer had 1 complaint for every \$1,000,000 in premium.

Table 6. Complaint Ratios for Commercial Health Insurance Market from 1999 to 2002

	Direct Earned Premium	Total		Justified		Question of Fact		Unjustified	
		Count	Ratio	Count	Ratio	Count	Ratio	Count	Ratio
1999	\$1,887,679,133	326	0.17	70	0.04	179	0.09	77	0.04
2000	\$2,053,470,759	244	0.12	70	0.03	123	0.06	51	0.02
2001	\$2,171,040,169	258	0.12	127	0.06	36	0.02	95	0.04
2002	\$2,181,743,936	174	0.08	73	0.03	27	0.01	74	0.03
Average	\$2,073,483,499	251	0.12	85	0.04	91	0.04	74	0.04

Data Source: Utah Insurance Department

As discussed previously, the Utah Insurance Department has seen a decline in the number of total complaints from 1999 to 2002. This is primarily a due to a decline the number of question of fact complaints as part of a concerted effort by the Office of Consumer Health Assistance staff to reduce the number of these kinds of complaints.

However, the number of justified and unjustified complaints has remained fairly consistent, and this should be taken into account when looking at the pattern of the complaint ratios. As Table 6 shows, the average complaint ratio for the commercial market is about .12 for the all complaints, and about .04 for each complaint type. Using this average as a benchmark, the complaint ratios for 2002 are slightly lower than their four-year average.

Table 7 reports individual complaint ratios for commercial health insurance companies during 2002. The averages in Table 6 can be used to give perspective to these individual ratios. For example, a commercial health insurer with a justified complaint ratio of greater than .04 has a higher than average number of complaints, while a ratio of less than .04 means a lower than average number of complaints. It is also important to remember that a complaint ratio is only one aspect of evaluating a commercial health insurance company (see Table 7).

Table 7. Commercial Health Insurance Companies with Consumer Complaints during 2002

Company Name	Direct Earned Premium	Market Share	Total ^a		Justified		Question Of Fact	
			Count	Ratio	Count	Ratio	Count	Ratio
Aetna Life Ins Co	\$6,650,471	0.30%	1	0.15	1	0.15	-	-
Altius Health Plans Inc	\$219,612,873	10.07%	16	0.07	9	0.04	1	0.01
American Bankers Ins Co Of FL	\$1,827,446	0.08%	1	0.55	1	0.55	-	-
American Family Life Asr Co Columbus	\$13,584,477	0.62%	1	0.07	-	-	-	-
American Natl Ins Co	\$2,715,704	0.12%	2	0.74	1	0.37	-	-
American Natl Life Ins Co Of TX	\$1,507,726	0.07%	1	0.66	1	0.66	-	-
Bankers Fidelity Life Ins Co	\$3,224,342	0.15%	1	0.31	-	-	-	-
Bankers Life & Cas Co	\$4,674,311	0.21%	2	0.43	-	-	-	-
Cigna Healthcare Of UT Inc	\$13,467,022	0.62%	2	0.15	2	0.15	-	-
Colonial Life & Accident Ins Co	\$4,196,674	0.19%	2	0.48	1	0.24	-	-
Continental Cas Co	\$2,845,143	0.13%	1	0.35	-	-	1	0.35
Educators Mutual Ins Assoc	\$45,138,592	2.07%	2	0.04	-	-	-	-
Fortis Benefits Ins Co	\$6,193,767	0.28%	1	0.16	-	-	-	-
Fortis Ins Co	\$1,175,454	0.05%	2	1.70	-	-	1	0.85
Gerber Life Ins Co	\$1,111,065	0.05%	1	0.90	1	0.90	-	-
Great West Life & Annuity Ins Co	\$3,372,073	0.15%	1	0.30	-	-	1	0.30
IHC Health Plans Inc	\$669,311,493	30.68%	15	0.02	8	0.01	2	0.00
Life Ins Co Of North Amer	\$3,511,566	0.16%	1	0.28	1	0.28	-	-
Mega Life & Health Ins Co The	\$6,352,130	0.29%	6	0.94	1	0.16	1	0.16
Mid West Natl Life Ins Co Of TN	\$3,104,801	0.14%	2	0.64	1	0.32	-	-
Mutual Of Omaha Ins Co	\$8,591,009	0.39%	1	0.12	-	-	1	0.12
National Foundation Life Ins Co	\$1,927,754	0.09%	2	1.04	-	-	-	-
Pacific Life & Annuity Co	\$2,369,458	0.11%	6	2.53	1	0.42	-	-
Principal Life Ins Co	\$5,539,370	0.25%	1	0.18	-	-	-	-
Regence BCBS of UT	\$511,750,983	23.46%	36	0.07	12	0.02	5	0.01
Reliance Standard Life Ins Co	\$1,751,851	0.08%	1	0.57	1	0.57	-	-
Security Life Ins Co Of Amer	\$2,446,367	0.11%	1	0.41	-	-	-	-
Sterling Life Ins Co	\$4,031,577	0.18%	1	0.25	-	-	1	0.25
Transamerica Life Ins Co	\$1,079,551	0.05%	1	0.93	-	-	-	-
Trustmark Ins Co	\$2,153,068	0.10%	1	0.46	-	-	1	0.46
United American Ins Co	\$7,966,219	0.37%	5	0.63	3	0.38	1	0.13
United Healthcare Ins Co	\$49,579,540	2.27%	20	0.40	8	0.16	3	0.06
United Healthcare Of UT Inc	\$139,551,862	6.40%	13	0.09	7	0.05	4	0.03
United States Life Ins Co In NYC	\$2,496,333	0.11%	1	0.40	-	-	-	-
United WI Life Ins Co	\$8,752,299	0.40%	1	0.11	-	-	-	-
Unum Life Ins Co Of Amer	\$9,577,108	0.44%	5	0.52	1	0.10	2	0.21
Wasatch Crest Mut Ins Co	\$1,165,655	0.05%	6	5.15	6	5.15	-	-
Top 37 Companies with complaints ^b	\$1,774,307,134	81.33%	163	0.09	67	0.04	25	0.01
Remaining 8 companies with complaints ^c	\$4,279,002	0.20%	11	2.57	6	1.40	2	0.47
Companies without complaints	\$403,157,800	18.48%	-	-	-	-	-	-
Total Commercial Market	\$2,181,743,936	100.00%	174	0.08	73	0.03	27	0.01

Data Sources: Utah Accident & Health Survey and Utah Insurance Department.

^a Total complaints includes Justified, Question of Fact, and Unjustified. Unjustified are not shown separately.^b Describes all companies with at least \$1,000,000 in total direct earned premium.^c Separate complaint ratios were not calculated for companies with less than \$1,000,000 in total direct earned premium because it produces distorted ratios that cannot be directly compared to other companies.

Utah's Comprehensive Health Insurance Market

Comprehensive health insurance makes up 61 percent of the commercial health insurance market in the state of Utah (see Table 3) and affects approximately 35 percent of Utah residents (see Table 1). It is the only type of major medical health benefit plan directly regulated by the Utah Insurance Department. The following analysis of the comprehensive market examines various aspects of the market including domestic status, health benefit plan type, group size, and market trends.

Comprehensive Market by Domestic Status

Domestic status refers to where an insurer's home office is located. An insurer can only be domiciled in one state. Domestic insurers generally have a larger presence in their state of domicile than foreign insurers. Their local status may assist them in negotiating more favorable provider contracts and creating larger provider networks than foreign insurers.

Nearly 95 percent of the comprehensive health insurance market is served by domestic insurers and is highly concentrated among 12 insurers. Seventy-seven foreign insurers represent the remaining market share. Domestic insurers reported a higher premium per member per month (\$134) than foreign insurers (\$114). Loss ratios were also slightly higher for domestic insurers (see Table 8).

Table 8. Total 2002 Comprehensive Market by Domestic Status

Domestic Status	Company Count	Member Count	Direct Earned Premium	Market Share	Loss Ratio	Premium PMPM*
Domestic	12	862,676	\$1,260,677,051	94.88%	83.12	\$134
Foreign	77	50,718	\$68,047,397	5.12%	79.06	\$114
Total	89	813,394	\$1,328,724,448	100.00%	82.91	\$133

Data Source: Utah Accident & Health Survey

* Direct earned premium per member per month

Comprehensive Market by Plan Types

Comprehensive health insurance plans can generally be classified into four types: Health Maintenance Organizations (HMO), Preferred Provider Organizations (PPO), Point of Service Plans (POS), and Fee for Service Plans (FFS). These plan types differ in the amount of managed care used to reduce health care costs. HMO plans generally have the most management of care, whereas FFS plans generally have the least. All of these plans provide comprehensive health services consistent with the basic benefit plan required by the Utah insurance code.

A Health Maintenance Organization (HMO) refers to a "prepaid" health insurance plan where policyholders pay a fixed monthly fee for comprehensive major medical coverage. An HMO plan usually covers more preventative care services than other kinds of plans, but also manages care more than other kinds of plans. Services are provided through a network of health care providers that have negotiated a fee schedule with the HMO. Members enrolled in the plan

generally pay a “fixed” co-pay for physician visits and drugs. Services are usually not available outside the provider network.

A Preferred Provider Organization (PPO) refers to a health plan that contracts with health care providers for a reduced fee. Providers under contract are referred to as preferred providers. Members have financial incentives to use the preferred providers. Members can use non-preferred providers, but they must pay significantly higher co-payments.

A Point of Service plan (POS) is a hybrid of HMO plans and PPO plans. Generally, a POS plan combines an HMO or PPO arrangement with a traditional fee for service plan. Members are encouraged to use the POS network providers, but may also use non-network providers under a more traditional fee for service arrangement. Costs are generally much higher for out of network providers. POS plans generally manage care more than a PPO, but less than an HMO.

A Fee for Service plan (FFS) refers to a traditional indemnity plan. Health care providers are usually reimbursed at a fixed percent of billed charges. Members can use any covered health care providers they choose, but they also pay a larger portion of the cost for services.

HMO, PPO, and POS plans are considered managed care plans. FFS plans typically do not involve any form of managed care. More than 93 percent of Utah’s comprehensive health market involves some type of managed care, with more than 48 percent of the comprehensive health market in an HMO style plan.

Premium per member per month was slightly higher for Fee for Service and Preferred Provider Organization plans than for Health Maintenance Organization and Point of Service plans. This pattern is consistent with the lower level of managed care cost controls in FFS and PPO plans compared to HMO and POS plans (see Table 9).

Table 9. Total 2002 Comprehensive Market by Plan Type

Plan Type	Company Count	Member Count	Direct Earned Premium	Market Share	Loss Ratio	Premium PMPM*
Health Maintenance Organization	7	404,460	\$643,186,920	48.41%	83.14	\$130
Preferred Provider Organization	36	186,208	\$299,504,277	22.54%	78.54	\$145
Point of Service	8	163,352	\$293,939,451	22.12%	87.14	\$128
Fee for Service	60	55,465	\$89,813,801	6.76%	79.66	\$144
Other	13	3,909	\$2,259,999	0.17%	175.53	\$57
Total	89	813,394	\$1,328,704,448	100.00%	82.91	\$133

Data Source: Utah Accident & Health Survey

* Direct earned premium per member per month

Comprehensive Market by Group Size

Comprehensive health insurance plans are sold either as an individual, a group, or a conversion policy. Individual policies are sold directly to individual consumers. In contrast, group policies are sold as a single contract to a group of individuals organized for the purpose of

purchasing insurance, such as a group of employees. Groups with 2 to 50 members are classified as small group. Groups with 51 or more members are classified as large group. Conversion policies are sold to individuals whose eligibility for a group policy ended and who “converted” their group policy membership to an individual policy. Conversion policies are typically classified as individual policies.

Mirroring national trends, nearly 90 percent of covered persons in Utah’s comprehensive market are insured by group plans, with the remainder in individual plans. There are currently more insurers competing in the individual market than in the group market.

Group policies reported higher premium per member per month (\$140) than individual policies (\$89). This may due to underwriting practices. In individually underwritten policies, insurers have more ability to set rates based on health criteria. As a result, sicker individuals who would incur higher medical costs would be given policy offers with higher premiums than healthier individuals. However, less expensive policies are more likely to be accepted than expensive ones. So the individual market’s lower premium may reflect the tendency for healthier individuals to get and accept more affordable health insurance coverage.

In contrast, group policies are underwritten without taking individual health status into account. Each group is a mix of healthy and sick individuals, and the larger the group the more equally distributed the mix. Thus, medical claims costs tend be higher and policyholders are charged higher premiums to pay for these additional costs. However, group premiums tend to be less expensive for sicker individuals compared to what they would pay if they were individually underwritten.

Conversion policies had the highest premium per member per month (\$275). This is probably due the fact that conversion policies are often issued to individuals who are ill, who have more expensive medical needs, and who have a critical need to continue coverage even though their group policy is no longer available. Less than one percent of the market was insured by conversion policies (see Table 10).

Table 10. Total 2002 Comprehensive Market by Group Size

Group Size	Company Count	Member Count	Direct Earned Premium	Market Share	Loss Ratio	Premium PMPM*
Total Individual	66	128,721	\$133,241,877	10.03%	75.37	\$92
Individual	58	126,662	\$126,221,220	9.50%	71.35	\$89
Conversion	17	2,059	\$7,020,657	0.53%	147.59	\$275
Total Group	50	684,673	\$1,195,462,571	89.97%	83.75	\$140
Small Group (2-50)	30	237,050	\$388,620,105	29.25%	77.41	\$143
Large Group (50+)	37	447,623	\$806,842,466	60.72%	86.81	\$139
Total Comprehensive	89	813,394	\$1,328,704,448	100.00%	82.91	\$133

Data Source: Utah Accident & Health Survey

* Direct earned premium per member per month

Comprehensive Market Trends

This section reports on four significant trends in the comprehensive insurance market: the number of insurers, the cost of insurance, the number of insured members, and the financial status of the market. Each measure represents a different aspect of the market's "health".

Trends in the number of insurers. Since 1999, the number of health insurers providing comprehensive health insurance has declined by 28 percent. Most of this decline is occurring among smaller foreign insurers (less than 1 million dollars in premium). However, several moderately sized domestic insurers (less than 100 million dollars in premium) have also left or are in process of leaving the market (see Table 11). The most common reason an insurer leaves is that the market is no longer profitable. When asked, Utah insurers cited financial reasons or self-funding arrangements, as their reasons for leaving the market.

Table 11. Comprehensive Insurer Count from 1999 to 2002

Comprehensive Insurer Category	1999	2000	2001	2002	Net Change
Domestic Insurers					
Greater than 100 Million	4	4	4	4	0
Between 100 Million and 10 Million	5	4	5	3	-2
Between 10 Million and 1 Million	6	6	4	3	-3
Less than 1 Million	3	3	1	2	-1
Total Domestic	18	17	14	12	-6
Foreign Insurers					
Greater than 100 Million	0	0	0	0	0
Between 100 Million and 10 Million	1	2	2	1	0
Between 10 Million and 1 Million	16	15	12	12	-4
Less than 1 Million	88	83	75	64	-24
Total Foreign	105	100	89	77	-28
All Insurers					
Greater than 100 Million	4	4	4	4	0
Between 100 Million and 10 Million	6	6	7	4	-2
Between 10 Million and 1 Million	22	21	16	15	-7
Less than 1 Million	91	86	76	66	-25
Total Utah	123	117	103	89	-34

Data Source: Utah Accident & Health Survey

Trends in the cost of insurance. Insurance premiums have increased steadily since 1999. For example, Utah's comprehensive health insurers reported premiums per member per month for 2002 that were 8.1 percent higher than in 2001. Compared to national employer data, Utah's rate of insurance premium increase appears to be following the national trend (see Table 12). However, Utah's premium growth was slower in 2002 compared to previous years and the national trend.

Table 12. Comprehensive Premium PMPM Trends from 1999 to 2002

	1999	2000	2001	2002
Total Premium	\$1,161,373,601	\$1,239,046,717	\$1,311,404,287	\$1,328,724,448
Premium PMPM*	\$101	\$111	\$123	\$133
Premium PMPM % Change	-	9.9%	10.8%	8.1%
National Premium % Change**	4.8%	8.3%	11.0%	12.7%

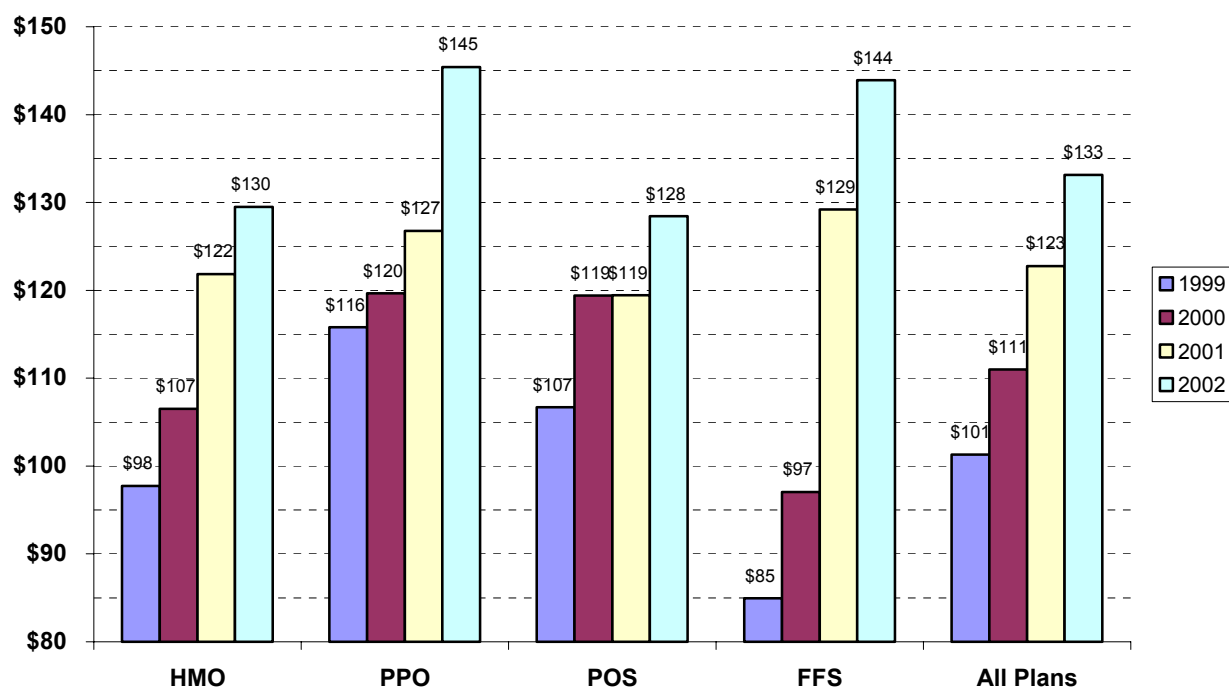
Data Sources: Utah premium data are from the Utah Accident & Health Survey. National premium data are from the Kaiser/HRET Survey of Employer Health Benefits as reported in Strunk, Ginsburg, and Gabel (2002).

* Direct earned premium per member per month

** Total premium and premium PMPM were not available for national premium data.

Premiums have increased among all of the different plan types. Managed care products such as HMO and POS plans increased less than plans with fewer cost controls such as PPO and FFS. The largest increase has been among FFS plans. However, it has been increases among HMO plans that have had the most impact on premium trends in the market (see Figure 1).

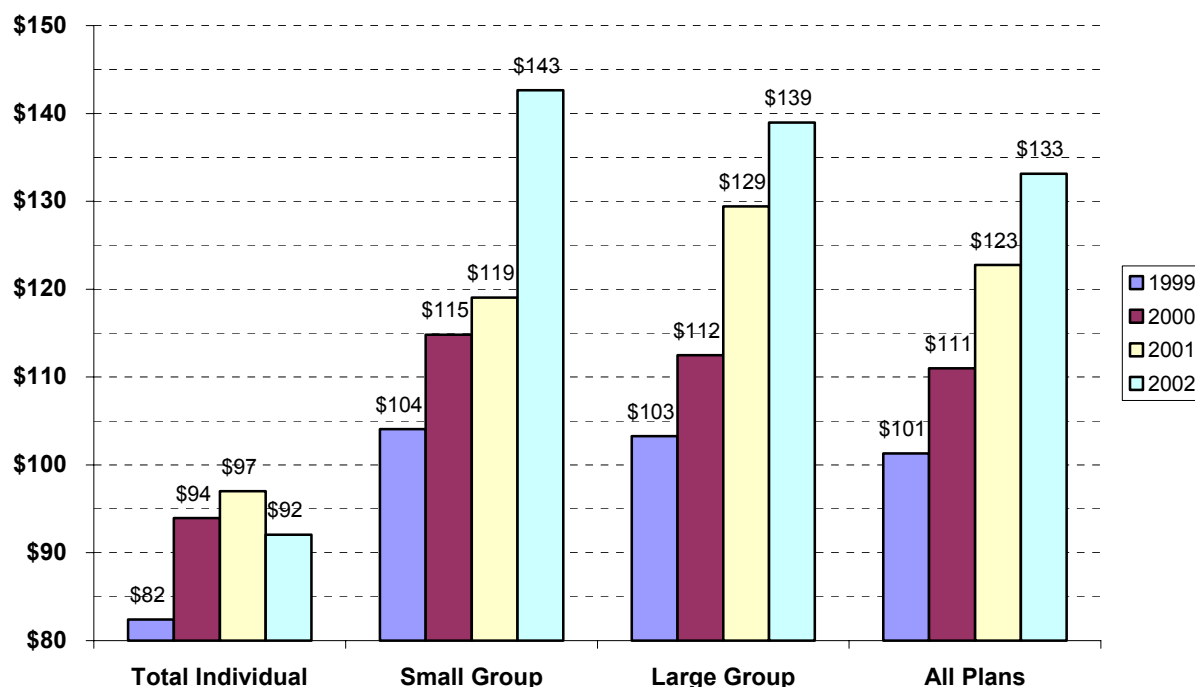
Figure 1. Comprehensive Premium PMPM by Plan Type from 1999 to 2002



Data Source: Utah Accident & Health Survey, 1999 to 2002

Premium increases have been fairly uniform among different group sizes. Significant premium increases occurred in both large and small group plans. Changes in large group plans had the most impact on the premium trends in the market. In contrast, individual and conversion plans reported slightly lower premiums in 2002 than in 2001 (see Figure 2).

Figure 2. Comprehensive Premium PMPM by Group Size from 1999 to 2002



Data Source: Utah Accident & Health Survey, 1999 to 2002

One of the main causes of the trend towards higher premiums is a steady increase in the underlying cost of health care. Utah's comprehensive insurers reported a 5.8 percent increase in losses per member per month in 2002. Utah's health care costs, like the United States as a whole, have increased at a significant rate (see Table 13). Nationally, these costs are being driven by a number of factors, particularly increases in pharmacy and hospital costs (Strunk and Ginsburg, 2002). Government mandates, increased consumer demand, and litigation, also appear to be important factors (PriceWaterhouseCoopers, 2002). The rising cost of health care creates significant economic pressure on comprehensive insurers. For example, if Utah's comprehensive insurers had kept premiums at 1999 levels and costs had continued to increase, by 2002, the industry's loss ratio would be approximately 108.91. In other words, the industry would be paying out nearly \$1.09 in claims for every \$1.00 in premium. In addition to claim costs, comprehensive insurers also have to pay general administrative costs such as general business expenses and meeting state mandated reserve requirements. No business can afford to lose money at such rates for long, so comprehensive insurers responded by raising premiums to levels that would cover their costs.

Table 13. Comprehensive Losses PMPM Trends from 1999 to 2002

	1999	2000	2001	2002
Loss Ratio	89.49	84.59	84.87	82.91
Losses PMPM*	\$91	\$94	\$104	\$110
Losses PMPM % Change	-	3.3%	10.6%	5.8%
National Health Cost % Change	7.1%	7.8%	10.0%	9.6%

Sources: Utah loss data are from the Utah Accident & Health Survey. National health cost data are from the Milliman USA Health Cost Index as reported in Strunk and Ginsburg (2002).

* Direct incurred losses per member per month

For Utah employers and consumers, this trend means that health care is getting more expensive. For a single individual, the average premium per member per year increased from \$1,212 in 1999 to \$1,596 in 2002. This is an increase of 31.7 percent over the last four years. Both consumers and employers are being impacted by this increase. In most cases, employers pay a significant portion of this premium. Nationally, employers pay more than two-thirds of the premium cost (Kaiser/HRET, 2002). However, many employers are responding to the rising cost of health care by increasing the employee's portion of the premium, reducing benefits, or looking at new plan designs such as defined benefit plans. These changes may be difficult for some consumers to adjust to because the rate of increase in consumer income has not kept pace with the rate of increase in premiums (see Table 14).

Table 14. Changes in Comprehensive Premium and Per Capita Income: 1999 - 2002

	1999	2000	2001	2002
Premium PMPY*	\$1,212	\$1,332	\$1,476	\$1,596
Annual percent change in Premium	-	9.9%	10.8%	8.1%
Per Capita Income in Utah	\$22,203	\$23,410	\$24,033	\$24,306
Annual percent change in Income	-	5.4%	2.7%	1.1%

Sources: Utah premium data are from the Utah Accident & Health Survey. Per capita income data are from the U. S. Department of Commerce (2003).

* Direct earned premium per member per year

Trends in the number of members. Since 1999, the percentage of Utah residents insured by comprehensive health insurance has declined by 6.63 percent. During this same period Utah's population has increased by 9.34 percent.

As shown in Table 15, from 1999 to 2002, the individual and small group markets have steadily increased, while the conversion and large group markets have steadily declined (see Table 15). The largest change occurred in the large group market, which declined by 9.70 percent.

Table 15. Changes in Comprehensive Membership by Group Size: 1999 - 2002

Group Size	1999	2000	2001	2002	Change^a
Individual	96,455	99,034	110,295	126,662	30,207
As percent of population ^b	4.51%	4.41%	4.80%	5.42%	1.41%
Conversion	3,272	2,949	2,139	2,059	-1,213
As percent of population	0.15%	0.13%	0.09%	0.09%	-0.06%
Total Individual	99,727	101,983	112,434	128,721	28,994
As percent of population	4.66%	4.54%	4.90%	5.50%	1.36%
Small Group	200,377	208,561	208,100	237,050	36,673
As percent of population	9.37%	9.28%	9.06%	10.14%	1.71%
Large Group	655,112	624,524	534,484	447,623	-207,489
As percent of population	30.63%	27.80%	23.28%	19.14%	-9.70%
Total Group	855,489	833,085	742,584	684,673	-170,816
As percent of population	39.99%	37.08%	32.34%	29.28%	-7.99%
Total Comprehensive	955,216	935,068	855,018	813,394	-141,822
As percent of population	44.66%	41.62%	37.24%	34.78%	-6.63%
Utah Population	2,139,014	2,246,544	2,295,971	2,338,761	199,747
As percent of population	100.00%	100.00%	100.00%	100.00%	9.34%

Data Sources: Utah Accident & Health Survey and Utah Population Committee

^a "Change" measures the change in membership from 1999 to 2002 as a percent of Utah's total population in 1999.

^b "As percent of population" measures the relative percentage of Utah's total population in each particular year.

The reasons for this decline are complex. At a minimum, it reflects the decline in the number of comprehensive insurers in the market, which appears to be due to difficult economic conditions and a shift towards self-funding arrangements (see Table 11). Also, the increases in the cost of health care and insurance premiums may have led some policyholders to seek less expensive kinds of coverage and this may show up as restructuring in the market place (i.e., shifting membership). Some of this restructuring is evident among the different plan types in the market (see Table 16).

First, there has been a significant increase in the number of residents with individual plans. This is largely due to an increase in individual HMO policies in two large managed care insurers. Premiums for individual policies have remained low compared to other options in the market. This may be a significant incentive to switch from more costly types of coverage. However, these lower rates are really only available to those with good health, because individual policies have stricter underwriting requirement than group plans.

Second, there has been a significant decline in the number of residents with individual conversion policies. This is primarily due to declines in conversion POS policies in two large managed care insurers. Conversion policies tend to have a limited duration because they are the result of a person in a group policy who “converts” their group plan into an individual conversion policy. The premiums are usually much more expensive compared to other kinds of coverage and the law limits how long the coverage can be extended. They are intended to act as temporary bridge between employer group coverage and some other kind of coverage. As a result, one would not expect the number of conversion policies to become very large in the market.

Table 16. Changes in Comprehensive Membership by Plan Type: 1999 - 2002

Plan Type	1999	2000	2001	2002	Change^a
Health Maintenance Organization	517,583	481,995	431,560	404,460	-113,123
As percent of population ^b	24.20%	21.45%	18.80%	17.29%	-5.29%
Preferred Provider Organization	145,481	156,951	159,681	186,208	40,727
As percent of population	6.80%	6.99%	6.95%	7.96%	1.96%
Point of Service	187,527	186,536	202,911	163,352	-24,175
As percent of population	8.77%	8.30%	8.84%	6.98%	-1.18%
Fee for Service	84,600	89,756	58,075	55,465	-29,135
As percent of population	3.96%	4.00%	2.53%	2.37%	-1.36%
Other	20,025	19,830	2,791	3,909	-16,116
As percent of population	0.94%	0.88%	0.12%	0.17%	-0.75%
Total Comprehensive	955,216	935,068	855,018	813,394	-141,822
As percent of population	44.66%	41.62%	37.24%	34.78%	-6.63%
Utah Population	2,139,014	2,246,544	2,295,971	2,338,761	199,747
As percent of population	100.00%	100.00%	100.00%	100.00%	9.34%

Data Sources: Utah Accident & Survey and Utah Population Committee

^a “Change” measures the change in membership from 1999 to 2002 as a percent of Utah’s total population in 1999.

^b “As percent of population” measures the relative percentage of Utah’s total population in each particular year.

Third, there has been a significant increase in the number of residents with small group policies. This is largely due to an increase in PPO membership (see Table 16). There are about 20 comprehensive health insurers in this sector of the market, and most of the increase was due to a increase in small group PPO members in one large managed care insurer.

Fourth, the largest change in the market over this period has been a significant decrease in the number of residents within large group policies. This is largely explained by declines in HMO membership (see Table 16) within four managed care insurers. Large group plans are typically sold to large employers. Large employers are the most likely to provide health insurance benefits to their employees and the most likely to provide these benefits through a self-

funded health benefit plan. So a decline in this sector could be due to a shift from commercial health insurance to employer sponsored self-funded health benefit plans, rather than an increase in the uninsured or in government sponsored-health benefit plans. This is difficult to confirm with the available data, but when the four insurers most effected were asked, some were able to confirm that a shift from commercial to self-funded had occurred, while others did not provide a specific reason for the change other than their clients had non-renewed their contracts and that this was simply restructuring in the market. Another factor may be a decline in the amount of double coverage in the state.

Additional support for a shift by large employers from the commercial health insurance market to employer sponsored self-funded health benefit plans can be found in the available data on the uninsured and government sponsored health benefit plans. A review of the available data suggests that there has not been large increases in either the uninsured or government sponsored health benefit plans during this period. For example, recent surveys of the uninsured by the U.S. Census Bureau (Mills, 2002), the Utah Department of Health (Office of Public Health Assessment, 2002; Office of Public Health Assessment, 2001), and Utah's commercial health insurance industry (Utah Health Insurance Association/Utah Association of Health Underwriters, 2001) suggest that Utah's uninsured rate has remained fairly constant between 1999 and 2001. Most of the surveys report an uninsured rate of about 9 percent. Federal surveys report a higher rate (between 13 and 14 percent), but report no significant change in the uninsured during this period. Data for 2002 was not yet available.

The available data on Utah's government sponsored health benefit plans does show a moderate increase (see Table 17), but this increase can only account for a small portion of the decline in the commercial market and may simply be due to population increases. Most of the increases are in Medicare, Medicaid, and the Children's Health Insurance Program (CHIP).

Table 17. Changes in Government Sponsored Health Benefit Plans: 1999 - 2002

	1999	2000	2001	2002	Change ^a
Medicare	201,217	206,056	210,169	214,507	13,290
Medicaid	132,397	132,569	139,426	154,784	22,387
Children's Health Insurance Program (CHIP)	10,500	17,391	24,448	24,505	14,005
Utah Health Assistance Program (UMAP)	3,623	3,615	3,346	4,447	824
Utah Comprehensive Health Insurance Pool (HIPUtah)	994	1,265	1,767	2,347	1,353
Government Sponsored Health Benefit Plans	348,731	360,896	379,156	400,590	51,859
As percent of population ^b	16.30%	16.06%	16.51%	17.13%	2.42%

Data Source: Utah Department of Health

^a "Change" measures the change in membership from 1999 to 2002 as a percent of Utah's total population in 1999.

^b "As percent of population" measures the relative percentage of Utah's total population in each particular year.

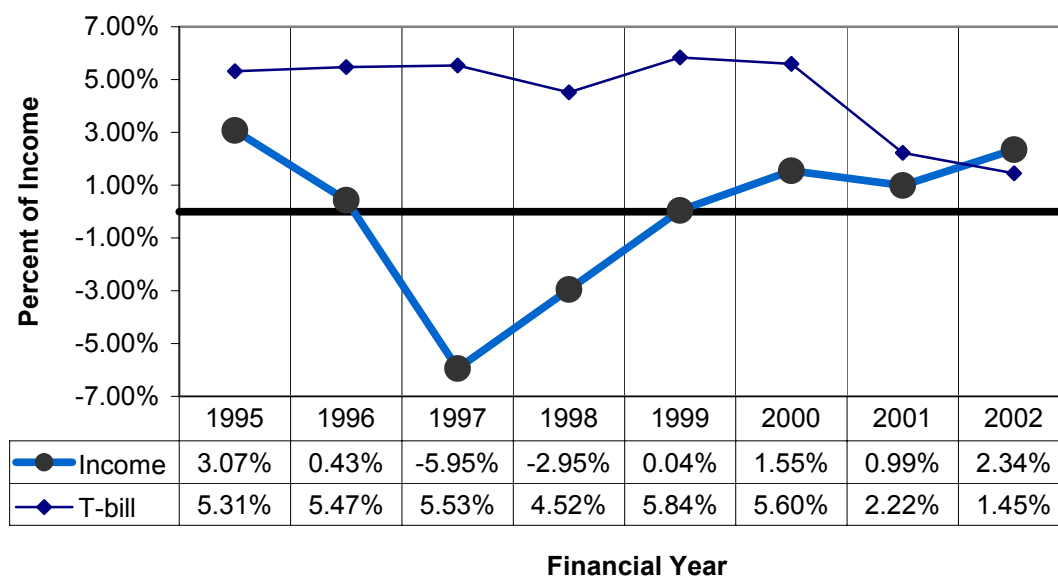
Thus, changes in the uninsured and government sponsored health benefit plans, as well as the individual and small group market do not seem to account for the significant declines in the large group market. Overall, the available data are consistent with a shift by large employers from the commercial health insurance market to employer sponsored self-funded health benefit plans. This would be a reasonable response from large employers seeking to control the rate of

health care costs. Self-funding can be attractive to large employers due to the lower level of regulation and greater control over costs due to an increased freedom in plan design.

Financial trends. To measure the current financial condition of the market, the financial results of the top seven managed care health insurers in Utah were used as an index of Utah's comprehensive health insurance market. These companies were selected because: 1) they represent 89 percent of the 2002 comprehensive health insurance market, 2) they receive more than 75 percent of their revenues from comprehensive health insurance, 3) nearly all of their revenues come from Utah business, and 4) their primary business model is that of a health insurer. Thus, these companies are Utah's best examples of pure comprehensive health insurers and they can provide an index of how well comprehensive health insurers are doing in the Utah market over time.

Health insurers, whether for-profit or non-profit, need enough income after expenses to fund state-mandated reserve requirements, to reinvest in new equipment and new markets, and acquire needed capital. A knowledgeable investor would expect the net return on investment in a health insurer to equal the return available on high-grade bonds. The results of this index indicate that Utah's comprehensive health insurance market has experienced an average loss of .08 percent in net income per year since 1995 (see Figure 3). This suggests that the current business climate in Utah is difficult and that many insurers are struggling. However, the last three years have seen small positive gains in net income, which may be the beginning of a more positive trend.

Figure 3. Income After Expenses For Top Managed Care Health Insurers



Data Source: NAIC Financial Database

Note: This chart uses the 1 year Treasury Bill Constant Maturity Rate as a comparison.

Summary

Health insurance is an important issue for the people of Utah. Utah's residents receive their health insurance coverage through health plans sponsored by the government, employers, and commercial health insurers. The commercial health insurance market is the only source of health insurance directly regulated by the Utah Insurance Department.

Approximately 61 percent of Utah's commercial health insurance market is comprehensive health insurance. The comprehensive health insurance industry serves approximately 35 percent of Utah residents. The typical policy in this industry is an employee group policy with an HMO style plan administered by a domestic health insurer.

The trends in the comprehensive health insurance market over the last four years suggest that comprehensive health insurers are experiencing significant increases in underlying costs, are charging higher premiums for coverage, and are covering fewer Utah residents. The comprehensive health insurance market also appears to be losing health insurers to financial pressures and self-insurance. These financial pressures appear to be pervasive across the industry, as over the last eight years the top insurers in this industry have experienced an average loss of .08 percent.

Overall, the data suggests that the commercial health insurance market in Utah is under pressure and many insurance companies are struggling to compete in the current environment. For Utah residents, this means fewer companies to choose from and higher costs for their health insurance.

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Appendix

List of Comprehensive Health Insurers

Table 18. 2002 Comprehensive Insurers Ranked by Comprehensive Premium

Company Name	State of Domicile	Direct Earned Premium	Market Share	Loss Ratio
IHC Health Plans Inc	UT	\$591,897,265	44.55%	85.41
Regence BCBS of UT	UT	\$311,541,629	23.45%	79.59
Altius Health Plans Inc	UT	\$174,481,710	13.13%	85.37
United Healthcare Of UT Inc	UT	\$111,747,290	8.41%	78.00
United Healthcare Ins Co	CT	\$27,894,520	2.10%	77.93
Healthwise	UT	\$26,089,455	1.96%	73.95
Cigna Healthcare Of UT Inc	UT	\$13,467,022	1.01%	86.17
Deseret Mut Ins Co	UT	\$12,248,850	0.92%	98.87
IHC Benefit Assur Co Inc	UT	\$9,751,778	0.73%	81.17
United WI Life Ins Co	WI	\$7,903,714	0.59%	71.87
Western Mut Ins	UT	\$6,994,228	0.53%	86.91
Mega Life & Health Ins Co The	OK	\$5,632,154	0.42%	51.19
State Farm Mut Auto Ins Co	IL	\$3,311,204	0.25%	88.57
Mid West Natl Life Ins Co Of TN	TN	\$3,068,324	0.23%	33.61
Pacific Life & Annuity Co	AZ	\$2,237,710	0.17%	89.98
Benchmark Ins Co	KS	\$1,993,386	0.15%	92.82
Clarendon Natl Ins Co	NJ	\$1,665,323	0.13%	170.98
American Natl Life Ins Co Of TX	TX	\$1,322,566	0.10%	43.53
Wasatch Crest Mut Ins Co	UT	\$1,165,655	0.09%	-26.67
Connecticut General Life Ins Co	CT	\$1,112,681	0.08%	134.60
American Natl Ins Co	TX	\$1,089,781	0.08%	154.44
Fortis Ins Co	WI	\$1,088,000	0.08%	48.79
Unicare Life & Health Ins Co	DE	\$1,085,432	0.08%	30.22
New England Life Ins Co	MA	\$920,260	0.07%	55.92
Educators Mutual Ins Assoc	UT	\$911,706	0.07%	100.88
New York Life Ins Co	NY	\$884,984	0.07%	102.18
Great West Life & Annuity Ins Co	CO	\$807,413	0.06%	78.80
Conseco Medical Ins Co	IL	\$754,428	0.06%	110.42
Best Life And Health Ins Co	TX	\$684,137	0.05%	45.11
National Health Ins Co	TX	\$611,128	0.05%	74.31
American Heritage Life Ins Co	FL	\$501,703	0.04%	71.66
Aetna Life Ins Co	CT	\$399,194	0.03%	57.86
Metropolitan Life Ins Co	NY	\$379,028	0.03%	206.59
Educators Health Care	UT	\$360,463	0.03%	165.25
Allianz Life Ins Co Of North Amer	MN	\$305,636	0.02%	31.91
Fortis Benefits Ins Co	MN	\$303,472	0.02%	53.90
American Underwriters Life Ins Co	AZ	\$234,744	0.02%	75.48
Mutual Of Omaha Ins Co	NE	\$214,437	0.02%	90.19
United Of Omaha Life Ins Co	NE	\$205,631	0.02%	266.10
Fidelity Security Life Ins Co	MO	\$203,259	0.02%	137.87
Golden Rule Ins Co	IL	\$200,661	0.02%	202.46
Trustmark Ins Co	IL	\$165,952	0.01%	330.23
World Ins Co	NE	\$140,989	0.01%	165.21
American Republic Ins Co	IA	\$96,860	0.01%	64.33
Union Labor Life Ins Co	MD	\$88,360	0.01%	63.23
Prudential Ins Co Of Amer	NJ	\$72,051	0.01%	127.73
John Alden Life Ins Co	WI	\$49,584	< 0.01%	3.11
Life Investors Ins Co Of Amer	IA	\$45,683	< 0.01%	38.25
Equitable Life Assr Soc Of The US	NY	\$40,028	< 0.01%	191.21

Principal Life Ins Co	IA	\$37,844	< 0.01%	82.91
Avemco Ins Co	MD	\$31,717	< 0.01%	28.65
Pyramid Life Ins Co	KS	\$24,788	< 0.01%	52.10
Safeco Life Ins Co	WA	\$23,697	< 0.01%	110.41
Sears Life Ins Co	IL	\$21,668	< 0.01%	14.55
Celtic Ins Co	IL	\$20,988	< 0.01%	395.85
Continental General Ins Co	NE	\$17,680	< 0.01%	154.13
Republic American Life Ins Co	TX	\$15,366	< 0.01%	3.44
Guardian Life Ins Co Of Amer	NY	\$12,240	< 0.01%	5.07
Columbia Universal Life Ins Co	TX	\$12,025	< 0.01%	202.57
Provident Ind Life Ins Co	PA	\$11,400	< 0.01%	-239.76
Conseco Life Ins Co	IN	\$10,537	< 0.01%	-88.18
The Travelers Ins Co	CT	\$9,812	< 0.01%	9.92
Thrivent Financial For Lutherans	WI	\$9,171	< 0.01%	2.60
Washington Natl Ins Co	IL	\$8,550	< 0.01%	99.16
Pioneer Life Ins Co	IL	\$8,040	< 0.01%	178.31
Central United Life Ins Co	TX	\$7,146	< 0.01%	47.22
National Travelers Life Co	IA	\$5,780	< 0.01%	24.91
American Fidelity Assur Co	OK	\$5,687	< 0.01%	60.44
Federal Home Life Ins Co	VA	\$5,649	< 0.01%	54.13
American States Ins Co	IN	\$5,168	< 0.01%	-26.47
National Cas Co	WI	\$5,124	< 0.01%	152.38
New Era Life Ins Co	TX	\$4,860	< 0.01%	-
Allstate Life Ins Co	IL	\$3,754	< 0.01%	56.53
Nationwide Life Ins Co	OH	\$2,990	< 0.01%	-181.17
United Heritage Life Ins Co	ID	\$2,723	< 0.01%	-
Reserve Natl Ins Co	OK	\$2,527	< 0.01%	353.94
United Teacher Assoc Ins Co	TX	\$2,232	< 0.01%	1.30
Guarantee Trust Life Ins Co	IL	\$1,382	< 0.01%	11.79
Philadelphia American Life Ins Co	TX	\$1,352	< 0.01%	32.62
Security Financial Life Ins Co	NE	\$1,040	< 0.01%	153.27
Mony Life Ins Co	NY	\$522	< 0.01%	-
Oxford Life Ins Co	AZ	\$490	< 0.01%	86.94
Alta Health & Life Ins Co	IN	\$259	< 0.01%	126.25
Physicians Mut Ins Co	NE	\$242	< 0.01%	-
Centre Life Ins Co	MA	\$159	< 0.01%	-
National Benefit Life Ins Co	NY	\$145	< 0.01%	-
Illinois Mut Life Ins Co	IL	\$119	< 0.01%	-
General American Life Ins Co	MO	\$88	< 0.01%	-
Guideone Life Ins Co	IA	\$19	< 0.01%	-
All Comprehensive Insurers	89	\$1,328,706,448	100.00%	82.91

Source: Utah Accident & Health Survey

List of Key Health Mandates in Utah

Coverage mandates

1. Policy provision standards (31A-22-605)
2. Preexisting conditions (31A-22-605)
3. Dependent coverage from the moment of birth or adoption (31A-22-610)
4. Dependent coverage to age 26 (31A-22-610.5)
5. Coverage through a noncustodial parent (31A-22-610.5)
6. Open enrollment for child coverage ordered by a court (31A-22-610.5)
7. Extension of policy for a dependent child with a disability (31A-22-611)
8. Conversion privileges for an insured former spouse (31A-22-612)
9. Medicare supplemental insurance, including preexisting conditions provision (31A-22-620)
10. Individual and small group guaranteed renewability (31A-30-107)
11. Individual and small group limit on exclusions and preexisting conditions (31A-30-107)
12. Small group portability and individual guaranteed issue (31A-30-108)

Benefit mandates

1. \$2,500 minimum adoption indemnity benefit (31A-22-610.1)
2. Maternity stay minimum limits (31A-22-610.2)
3. Pediatric vaccines – level of benefit (31A-22-610.5)
4. Dietary products for inborn metabolic errors (31A-22-623)
5. Catastrophic coverage of mental health conditions (31A-22-625)
6. Diabetes coverage (31A-22-626)
7. Preauthorization of emergency medical services (31A-22-627)
8. OB/GYN as primary care physician (31A-22-624)
9. Standing referral to a specialist (31A-22-628)
10. Mastectomy provisions (31A-22-630)
11. Basic Health Care Plan in individual market (31A-22-613.5 and 31A-30-109)

Provider mandates

1. Preferred provider contract provisions, including 75 percent reimbursement provision for non-preferred providers, quality assurance program, nondiscrimination, and grievance process (31A-22-617)
2. HMO payments to noncontracting providers in rural areas (31A-8-501)

Methods Overview

This report primarily uses data from two sources: the NAIC Financial Database and the Utah Accident & Health Survey. It also uses information from national data sources and government agencies.

NAIC Financial Database

The NAIC Financial Database is a nationwide database maintained by the National Association of Insurance Commissioners. It contains data obtained from insurance companies' annual financial statements. Data was obtained for companies writing commercial health insurance in Utah during 1999, 2000, 2001 and 2002. The data summarizes the total accident & health premium and losses in Utah reported by commercial health insurers to the NAIC. It does not provide information on a particular type of health insurance.

Utah Accident & Health Survey

The Utah Accident & Health Survey is submitted annually to the Utah Insurance Department. All commercial health insurers are required to file this report. This survey provides detailed information on commercial insurance activity in Utah. It includes information that allows the Insurance Department to estimate trends in Utah's commercial health insurance market, including market share, number of covered lives, loss ratios, and cost of insurance. Data is available for 1999, 2000, 2001, and 2002. The data includes information on approximately 400 companies each year.

The survey is divided into four parts: accident & health insurance, long term care & Medicare supplement insurance, comprehensive health insurance, and administration of self-funded plans. The accident & health insurance portion of the survey must balance to the total accident & health insurance business reported on the Utah business section of the annual statement. The comprehensive insurance section includes detailed information on plan types, group size, and year-end member months. This additional detail allows the Insurance Department to evaluate changes in the comprehensive health insurance market with much greater accuracy.

The Utah Accident & Health Survey is limited in its ability to track changes in benefit structures, so research using the survey cannot control for differences in specific benefits. Despite this limitation, the survey is the primary source of data on Utah's commercial health insurance market and as such provides valuable information on commercial health insurance.